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Cable dated:2008-11-24T14:44:00C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 003394SIPDISDEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIG

SUMMARY

1. (C) At a November 20 meeting, BP's new Group VP for Russia and Kazakhstan, David Peattie, told the Ambassador that BP is in Russia for the

TNK-BP AND BP'S FUTURE IN RUSSIA

2. (C) Peattie told the Ambassador that BP plans to be in Russia "for the next 50 years" and is thinking of the long-run in terms of its inves

3. (C) Peattie said TNK-BP would still be important to BP in the near term and he thought that for the next 18 months or so, BP's interests wc

4. (C) Peattie confirmed that BP has agreed to the choice of Denis Morozov, the former head of Norilsk Nickel, as the new CEO of TNK-BP, sayir

5. (C) Peattie said that over the medium-term, in two to three years, BP expects TNK-BP will be taken over by the Russian Government and split

OIL PRICES

6. (C) Peattie said that even at today's lower oil prices, TNK-BP is "making money," though not on current exports, due

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to fluctuating export taxes. He predicted that Russian oil production would decline between 3 and 5 percent in 2009, given the disincentives fc

CPC

7. (C) On pending expansion of the Caspian Pipeline Consortium (CPC) pipeline, in which BP is a partner, Peattie said BP is withholding its ar
BEYRLE